I.E.(4)

Building a Better Food Stamp Program

Recent improvements in food stamp management are getting results. In this issue, we look at some of the ways federal, state, and local food stamp managers are improving accountability, working to cut down on errors and waste, and using computers to speed certification and improve service. We also see how Operation Awareness has encouraged states to share information and expertise on new technology and successful management techniques.
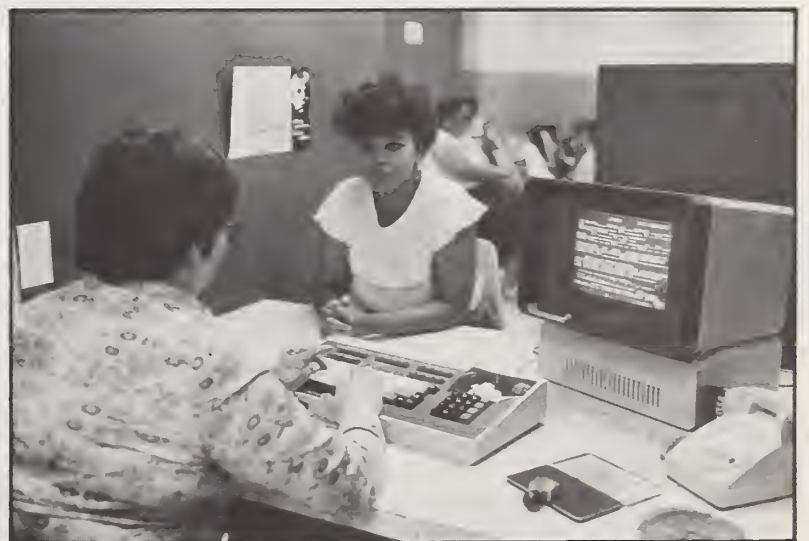
Building a Better Food Stamp Program

Today, with an emphasis on good management as well as on service to clients, the Food Stamp Program is being run more like a business than at any time in its history.

More attention is being given to reducing losses from errors, waste, and program abuse, saving valuable dollars that can be put to use helping people in need. At the same time, the program is serving a record-high number of people, and the average food stamp benefit is greater than ever before.

One measure of improved management is the program's error rate, which reflects the percentage of benefits incorrectly issued. During the past 2 years, the national payment error rate went down substantially, saving approximately $115 million.

Savings from other efforts, such as improved monitoring of grocers and banks, stepped-up anti-fraud activities, and more widespread use of sophisticated technology, have also yielded substantial savings and contributed to a better run program.

Working together in new ways. . .

Much of this success stems from USDA and state managers working together in new ways. Through a nationwide campaign called Operation Awareness, USDA has been encouraging states to share expertise, ideas, and information on new technology and effective management strategies.

As part of Operation Awareness, USDA has brought together food stamp managers in regional and national conferences. Federal reference guides, newsletters, and technical assistance packages have supplied details of innovative ways to cut losses and improve service. A federally funded exchange program has allowed state managers to see good ideas at work in other parts of the country.

As a result, states, counties, and cities now have the information, the methods, and the incentive to try to make their food stamp programs as efficient and error free as possible. Many are putting their creative ideas into action.

West Virginia, for example, has been a leader in client education with its "infomercials"—pre-recorded messages that are piped into food stamp waiting rooms. The messages, which are interspersed with music, define terms used in certification and help clients learn what is expected of them.

South Carolina has had great success recovering claims from overpayments through Project FAIR (Fighting Abuse Through Investigations and Recoupment). Since the state implemented Project FAIR in October 1982, it has recouped more than $1.5 million in claims.

New York has gotten results with one of the most sophisticated wage matching systems in the country, a program called CINTRAK, which verifies income information for its food stamp, AFDC (Aid to Families with Dependent Children), and other welfare caseloads. By March 1983, New York had conducted 16 quarterly matches involving some 17.2 million records for a savings of $88.5 million.

Other states have had similar successes in these and other program areas.

Improvements in many areas

The emphasis on accountability has had a documented positive impact on program integrity. Not only has the state overpayment error rate dropped dramatically, other areas of program management show tremendous strides forward as well.

Food stamp issuance losses are way down. Losses resulting from authorization-to-participate (ATP) cards being lost, stolen, or wrongfully replaced went from $12.0 million in 1981 to $5.2 million in 1983. The rate of loss of food stamps issued by mail was cut in half, even though there was an increase in the number of food stamp recipients getting their benefits in the mail.

Likewise, state anti-fraud activity stepped up dramatically between 1981 and 1983. The number of food stamp fraud investigations at the state level more than tripled, with more than 100,000 investigations completed in 1983. The number of prosecutions doubled. Nearly twice as many administrative fraud hearings were held, resulting in three times more people being disqualified.

This means in part that states are making successful use of the increased administrative funding USDA offers for states to conduct anti-fraud activities and to computerize their food stamp operations. To help states aggressively pursue fraud and reduce errors, USDA offers federal funds to cover up to 75 percent of state costs for food stamp fraud investigations, prosecutions, and fraud hearings.

USDA also will pay for up to 75 percent of state costs to design, develop, and install computer systems. Computerization has been helpful in reducing errors as well as in detecting fraud in many states.

To encourage states to recover overpayments, USDA allows them to keep 50 percent of claims collected for cases involving fraud on the part of recipients. In instances where recipients unintentionally misreported information, states can keep 25 percent of claims collected.

At a conference in the Southeast, FNS Administrator Robert E. Leard talks about the Interstate Match Project. (See article on pg. 14.)

Robert E. Leard
Administrator
USDA Food & Nutrition Service

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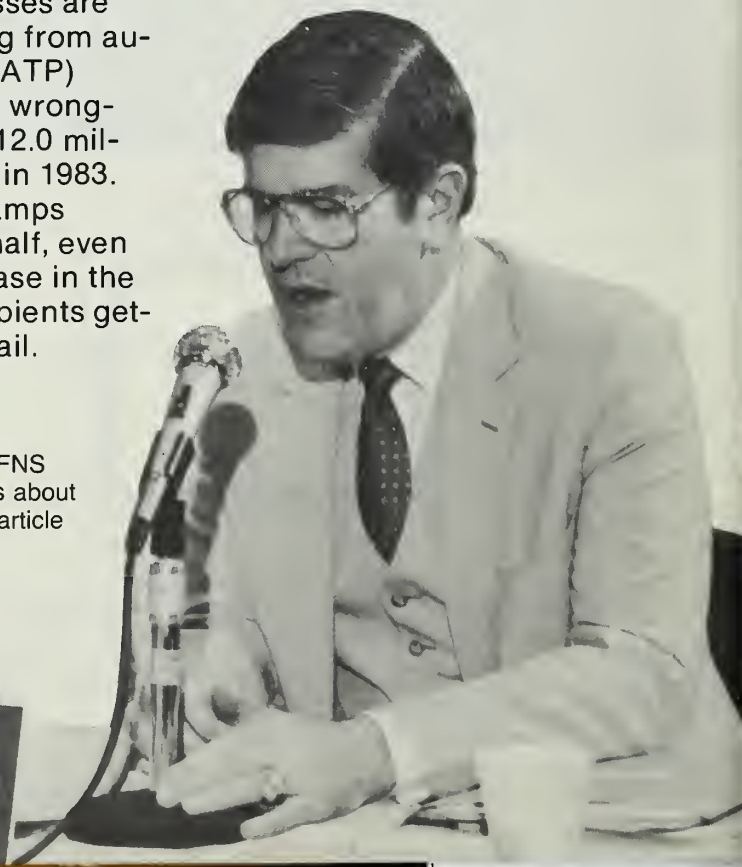
These incentives, coupled with some innovative systems implemented by a number of states, have made a big difference. Many states are doing a better job of collecting outstanding claims. In 1983, states collected nearly $19 million, a 72-percent increase over 1981.

Reducing errors a high priority

Reducing the number of errors made by caseworkers and applicants in the certification process has been a major objective in recent years. USDA monitors these errors through a quality control (QC) system which not only measures the number, kind, and dollar amounts of errors states make, but helps states come up with ways to correct the problems.

The quality control system has been in operation since 1974. It provides fiscal sanctions for states that do not reach their error rate goals without good reason, and incentives (in the form of increased administrative funding) for states that do well in reducing the error in their programs.

The need for such a system is clear, since in 1982 the estimated overpayments made in the Food Stamp Program nationally totalled approximately $950 million. The system is important to the client as well—during the same year an estimated $242 million in food stamp benefits were underissued.

Error rates have become an even more crucial concern in recent years because Congress has mandated that food stamp error rates meet national goals of 9, 7, and 5 percent in 1983, 1984, and 1985 respectively. Prior to 1983, USDA worked with states to set up appropriate individual error rate goals.

"Error rates can be lowered, but it takes commitment, resolve, and adequate resources devoted to getting the job done," says Food and Nutrition Service (FNS) Administrator Robert E. Leard.

"We believe one of the best ways to reduce these costly errors is to concentrate our corrective efforts on preventing ineligibles from being certified for food stamps in the first place. It's a lot cheaper to prevent overissuance than it is to recoup it."

States work on problems

The dramatic decrease in the overall error rate nationwide testifies to the fact that many states are com-
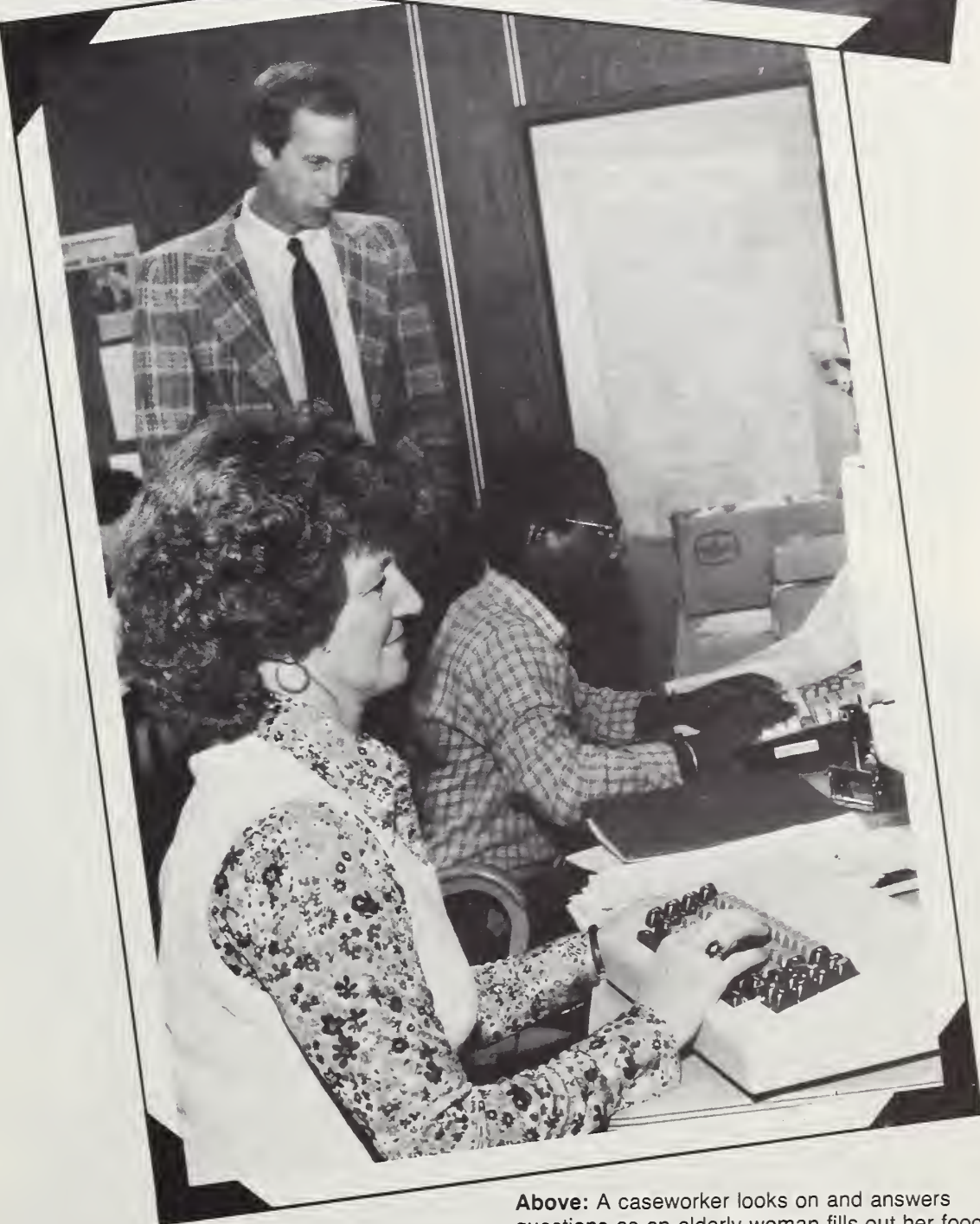
Above: A caseworker looks on and answers questions as an elderly woman fills out her food stamp application. **Below:** Staff of the New Jersey Department of Human Services check Social Security numbers with wage and unemployment information on file in the state treasury's computer.

mitted to this goal. For example, California is one of several states using specially trained investigators "up front" to prevent fraud cases from being certified.

The state is saving money by having caseworkers send cases with dubious or unclear household circumstances to investigators when the applications come in. The investigators act right away on these referrals.

Utah is another state using investigators, both during and after certification. Between July and October 1983, the investigators saved the state over $400,000 in closed and denied food stamp and Aid to Families with Dependent Children (AFDC) cases. This works out to a savings of almost $17,000 per investigator, a return of $2.00 in savings for every $1.00 spent on their salaries.

Other states like North Carolina are using specially trained verification workers to prevent errors from getting into the system. These caseworkers conduct intensive interviews with applicants from error-prone households. A study conducted by the state indicates this strategy has the potential to save North Carolina counties more than $200,000 annually.

Efforts to reduce errors have to be tailored to fit each state. "Our objective," says Leard, "is to reduce states' error rates without an inordinate increase in administrative

costs." He stresses targeting error-reduction efforts, which means concentrating efforts on techniques that get the best results.

"One common characteristic shared by all states having low error rates or those consistently reducing error, is a strong commitment by the top state program administrators to do something about the problem," Leard explains.

"State administrators must be innovative and must devote resources to the effort, or it will be difficult, if not impossible, to reach the error rate goals set by Congress."

Special efforts are recognized

At the second national conference on program management sponsored by USDA in May, Leard commended Montana for reducing its error rate by 55 percent in 1 year. Montana accomplished this by hiring five regional supervisors to provide policy guidance, corrective action direction, and general supervision.

The state also started doing quality assurance reviews and cyclical program training, and set up a state-level corrective action panel, which meets monthly to talk about action plans for reducing errors.

Leard also mentioned Maryland, where a federally conceived corrective action plan called ERRAR has played a major role in lowering the state's error rate. Because of ERRAR, Maryland has local office supervisors reviewing caseworker actions, focusing on the kinds of cases where errors are most likely to occur.

Supervisors try to do the reviews before benefits are authorized. When errors are found, supervisors send the cases back to eligibility workers for further verification, more information, and any needed corrections.

Leard also commended seven other states for outstanding management:

■ Virginia was cited for increasing its fraud prosecution and its re-

Above: The focus is on problem solving in the "quality circles" conducted by the Tennessee Department of Human Services. Here, a member of the state staff leads a discussion with county workers, who are encouraged to talk about their ideas and any changes or improvements they'd like to see made. The state staff uses quality circles in all of the assistance programs they administer.
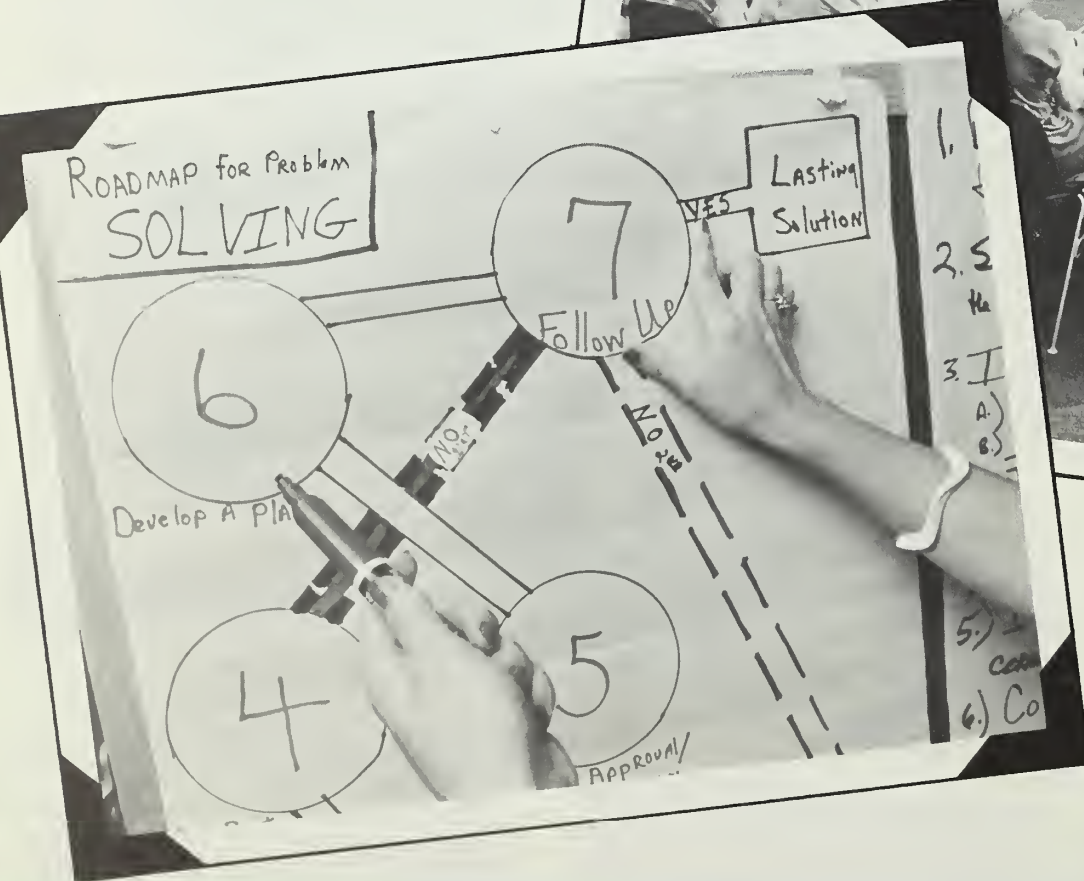
covery of food stamps overissued to recipients. State managers accomplished this by stressing sound policy direction, technical support, and training in their work with local agency staff.

■ Hawaii received an award for reducing its error rate by half in a single year. The state's success results from a corrective action plan that requires caseworkers to analyze the cause of every error found, determine how to avoid making that error, and share information with fellow caseworkers at monthly meetings.

■ Nevada was cited for consistently having a low food stamp error rate and for overall excellence in managing the program. During the past 2 years, Nevada's percentage of food stamp dollars issued in error has been the lowest in the nation.

The state attributes its success to a system which established very detailed work performance standards for eligibility workers and ongoing reviews of work by supervisors to assure that the performance standards are being met.

■ Wisconsin was given an award for reducing its error rate from 16.5 percent to 11.0 percent. The state accomplished this by identifying problems through a targeted review, and initiating corrective action through a successful team effort that used county, state, and federal personnel.

■ Arkansas was cited for a concentrated effort to reduce its error rate resulting in a 16-percent reduction in dollars overissued. As part of its effort, the state analyzed quality control data and targeted error-prone geographical areas.

■ North Dakota, which reduced its error rate from 8.7 percent in 1980 to 4.2 percent in 1983, was recognized for superior performance in the area of certification. The state's operating procedures are well thought out and problems are anticipated and resolved before they become serious.

■ Tennessee was recognized for cutting in half the number of errors made in food stamp eligibility determinations. The state has implemented long-term management improvements, including supervisory

review plans, quality circles, interviewing training that teaches caseworkers to look into questionable circumstances, and enhanced computer services.

Projects test other approaches

To test more ways to reduce errors and run local programs more efficiently, USDA is sponsoring a series of demonstration projects. States submit proposals to USDA to compete for the federal funding.

For this year's projects, USDA selected North Carolina, Vermont, and Maryland to test different ideas for cutting costs and reducing errors.

North Carolina will test a new computer-assisted interview for people applying for food stamps. In Vermont, eligibility workers will be trained to detect fraud and errors through improved interviewing skills. Maryland plans to use brochures and videotapes designed by advertisers to reach food stamp recipients. These messages will tell food stamp applicants what information they must report to the caseworkers.

States need to take full advantage of the many new and exciting ideas

being generated to combat errors, says Leard. "Although error rates are coming down, they need to be reduced still further if states are to meet the legislated goals."

Operation Awareness encourages exchange

One way for states to improve their management is to find out what other states are doing successfully. Through Operation Awareness, USDA has streamlined this process of information sharing.

USDA now provides a *Catalog of Program Improvement Activities,* a reference guide for state and local program managers. The catalog is a compilation of anti-fraud, waste, and abuse activities, with more than 200 items currently listed. Using the catalog, states can quickly identify promising techniques that other areas are using.

Another valuable reference guide is a newsletter called *State to State* that highlights successful initiatives by state and county governments. One story in *State to State* de-

Computers are helping state and local food stamp managers spot problems and avoid mistakes. **Right:** A woman from the Nashville office retrieves information on Social Security and earnings for a case she's working on.

scribed Nevada's highly successful caseworker review and training techniques. After the article appeared, 15 states called Nevada and 9 states sent people to study its system.

USDA has also sponsored a state exchange project to stimulate communication among the states. Through this project, USDA picks up the tab for state and local personnel to visit other states and learn successful methods of handling all sorts of food stamp problems.

In 1983, USDA spent $70,000 on the exchange project. There were 35 exchanges, some of which as many as seven states attended. Almost all states participated in the project in some way. In 1984, USDA increased funding for the exchanges to $100,000.

"We are thrilled with the results," says Leard. "For example, Virginia adopted Minnesota's claims tracking system, and Wisconsin adopted Illinois' issuance methods. Hawaii visited Arizona to study the automated claims recovery system which has increased Arizona's recoveries from $450 to $10,000 a month. These are just a couple of success stories."

Computers help spot problems

Other success stories have come about as states match wage information by computer to detect fraudulent or erroneous information on applications. Wage matching has been mandatory for states since January 1983, so most states have some type of system underway. A number of states have come up with especially creative applications for this technology.

For example, Massachusetts was the first state to use computer matching to detect unreported assets in bank accounts. Michigan is doing a jail match, in which prison rolls are checked against welfare rolls to determine if jailed persons are receiving food stamps at their home addresses. North Carolina is conducting a motor vehicle match, and Texas, a boat match.

Interstate matches can serve as a deterrent to recipients who might consider filing for food stamps in more than one place. The eight Southeastern states are involved in an interstate match to identify food stamp recipients who may be receiving benefits in more than one state.

The project is designed to identify potential cases of "double dipping"

through computer matching of Social Security numbers, names, and birth dates. Initial checks by the Florida Division of Public Assistance found that fewer than half of 1 percent of the total people getting benefits in the eight states may be guilty of duplicate participation—a reassuring finding.

The Philadelphia District Attorney's office runs another program called "drug match." When police there have a drug bust, all those people caught with large sums of money are checked against food stamp and AFDC rolls. So far, almost 50 percent of those arrested for drug-related offenses are claiming welfare illegally. The city expects to nab up to 100 offenders this year through this match.

Preventing errors through education

To complement the use of systems for detecting errors, many states are getting information out so that people don't make mistakes or try to defraud the program to begin with. A state initiative called Project Integrity is another part of Operation Awareness that tries to do just that.

Through media coverage, letters to recipients, home visits, wage matches, tax record checks, and employee contacts, the project tries to make food stamp recipients more aware of their responsibilities to report accurate information to certification offices.

South Carolina and Kentucky were the first states to put Project Integrity into action. Between January and June 1982, the operation saved the two states nearly $750,000—far more than the $112,000 it cost the state and federal government to conduct it.

Because of the success of Project Integrity, seven other states are now using the idea: Georgia, Florida, Connecticut, New Hampshire, Iowa, South Dakota, and Idaho. Alabama, Tennessee, and North Carolina have also expressed interest in the idea.

New delivery system tested

While USDA is working with states to help them improve their day-to-day program management, this fall the Department is beginning to test a new method of delivering food stamp benefits that could make that management task somewhat simpler.

In Reading, Pennsylvania, USDA

is trying out electronic benefit transfer (EBT), a computerized system which is expected to remove some of the opportunities for fraud presented by the paper coupon.

Under the system, each eligible household has its own computerized food stamp account and gets a benefit card with a magnetic strip (like a credit card). The card has the recipient's picture and account number laminated on it. The household also gets a secret identification number which must be used with the card at the grocery store. The identification number helps to secure the electronic system against fraud.

At the grocery checkout station, the clerk inserts the card into a telephone-size computer terminal, and the food stamp recipient enters the household's personal identification number into an accompanying keyboard. The recipient's account is automatically debited by the amount of the food purchase, and the grocer's account at a bank is credited with the same amount.

"If plastic cards become a feasible alternative to paper food stamps, we will go a long way toward solving our problems with fraud, waste, and abuse. We're going to pay close attention to the project," Leard says.

We've come a long way

Electronic transfer of benefits may be the direction of the future, but the theme of the present day Food Stamp Program is prevention of error and fraud through early detection.

"Operation Awareness will help us restore and protect the integrity of the Food Stamp Program. And we are proud that the success stories we've mentioned—from reducing the national error rate and cutting ATP and mail issuance losses, to increasing state anti-fraud activities— have all been accomplished without any loss or reduction in benefits to eligible recipients," Leard says.

He praises the dedication and hard work of state and local administrators. "Thanks to the efforts, cooperation, and creative thinking of program managers across the country, we've come a long way toward getting the Food Stamp Program back on the right track," he says. "And that benefits not only low-income and needy people, but all Americans."

article by Jane Mattern Vachon

States Share Ideas and Expertise

In the past few years, dramatic progress has been made in tackling fraud, waste, and abuse in the Food Stamp Program. The numbers tell the story, and program managers at all levels of administration have a right to be proud. But the road to improvement hasn't been easy.

With the legislative changes of 1981 and the beginning of Operation Awareness in 1983, the Food and Nutrition Service (FNS) stepped up its efforts to help states improve their programs. This intensified push to get results placed new pressure on many states, and some food stamp officials were apprehensive that they would be unable to resolve trouble areas without help.

For instance, under the gun to collect claims, some states, like Hawaii, were in real trouble. The state's manual collection system was supposed to be tracking claims and setting up repayment schedules, recalls Shig Nakashima, but when it came right down to it, the system really didn't work.

Nakashima, Hawaii's administrator of public welfare, knew it was time to automate, but he had no one on his staff with the needed skills or experience to effect the switch.

Traditionally, it's been the job of FNS' seven regional offices to provide the kind of technical assistance their states need to tackle problems in program operations. In recent years, however, the regional offices have become increasingly hard pressed to honor all the requests for assistance that have come in from their states.

Project brings states together

In 1983, as part of its newly launched Operation Awareness campaign, FNS announced it was setting aside $70,000 for a new experiment —one where FNS regional offices would pick up the tab for state and local personnel to visit other states and learn from their peers how particular problems were being mastered.

Called the State Exchange Project, the experiment caught fire and became an overnight success. Forty states participated in the project during its first year, and in 1984, funds were increased to $100,000.

For Hawaii, State Exchange meant getting help in automating its claims recovery system from one of the nation's top experts—Pete La Sota from Arizona's Department of Economic Security. Using State Exchange funds Shig Nakashima and Richard Paglinawan, Hawaii's deputy director for social services, traveled to Arizona to view the entire system in action.

Then, they "borrowed" La Sota and flew him to Hawaii to get his help in planning a system for them. Arizona's expertise helped Hawaii get their new automated claims tracking and recovery system up and running months ahead of time. Many states have taken part in similar exchanges, quickly achieving a difficult goal by studying systems used successfully by other states.

State Exchange monies are helping states not only swap "tried and

William J. Carr of Milwaukee and Vicki Beaupre of Duluth, Minnesota, were two of the panelists at the State Exchange conference hosted by Wisconsin.

true" methods of coping with problems commonly encountered by food stamp managers, but also are helping states ride the crest of new technological breakthroughs.

This fall, as Reading, Pennsylvania, tests the state of the art in electronic benefits transfer (EBT) systems, people like Jeanne Coyle, from the Massachusetts Department of Public Welfare, are visiting Reading with an eagerness to learn the outcome of this test project.

Anticipating a continued drop in the number of banks participating as issuance sites in Massachusetts, Coyle, who heads the state's food stamp accountability unit, has laid the groundwork for Massachusetts to switch to an EBT system statewide, if Reading's experience looks good.

Coyle and her associates anticipate that, thanks to State Exchange, Massachusetts could soon be "riding the wave of the future." Implementation will be swift if EBT proves to be cost effective and provides good service to food stamp clients, Coyle says. "We're right at the doorstep (of implementing the system) now, and with any help from Pennsylvania, we could step off very quickly," she adds.

Workshops offer added opportunities

State Exchange has gone beyond funding travel from one state to another. The project has also enabled states to work together at conferences and workshops.

For example, FNS' Western regional office sponsored a data exchange workshop in which eight states participated. Many of the states had been working independently to find ways to plan error reduction strategies. State Exchange money paid for the states to travel to Sacramento, enabling them to profit from each other's technical expertise and unique approaches to common problems.

Allen Ng, one of the workshop's organizers, says all of the participating states felt that hearing about each others' techniques helped them improve their own corrective action efforts. "One state told us they had actually run out of ideas to improve their systems," Ng says. "Now they're busy trying out a variety of new approaches."

An even larger gathering of states met in June at an FNS-sponsored tri-region error reduction meeting. The 3-day conference used State Ex-

change funds to help bring 21 states to Kansas City, Missouri, to join with staff from FNS' Midwest, Mountain Plains, and Southwest regional offices.

Conference participants shared information on error reduction strategies for all areas of Food Stamp Program administration—from certification and issuance to claims recoveries and fraud prosecutions.

Local food stamp administrators have also had the chance to deal with their problems. In March, Wisconsin hosted a State Exchange conference for county administrators from many Midwestern states. At the conference, managers from large counties had the chance to deal with issues of special concern to them, such as how to handle increases in caseload with reductions in staff.

Many problems in day-to-day administration are outside the realm of high technology or quick solutions. By encouraging discussion among local program managers, the State Exchange Project is helping county administrators work together to explore possible solutions to some of the Food Stamp Program's toughest and most persistent problems.

Exploring some new solutions

State Exchange has also encouraged states in developing innovative techniques for improving program administration. In the Southeast, for instance, Billy G. Davis, director of the Florida Division of Public Assistance Fraud, volunteered to work with nearby states to crosscheck for duplicate participation, using his state's sophisticated computer system.

Using just a little more than $1,000 in State Exchange funds to cover the cost of out-of-state travel, food stamp managers from eight states met in Atlanta this past spring to join with FNS in launching the Interstate Match Project—an effort which is allowing them to study the prevalence of this form of fraud and pinpoint problem areas in each of the participating states. (For more details on the Interstate Match, see article on page 14.)

Response has been positive

A welcome byproduct of State Exchange is the good publicity that states' efforts receive. Recognizing and giving credit for good state practices encourages future state initiatives and helps win public con-

fidence in a well run Food Stamp Program.

The response from states has been overwhelmingly positive. "With the financial situation being what it is in Missouri, I would not have been able to make a trip to Vermont to see its automated certification and issuance system without the exchange project," says state food stamp coordinator Susan Rolls. According to Rolls, the trip has substantially reduced the amount of work and time needed to develop Missouri's system.

Anne Ruffin, of Arkansas' fraud investigation unit, went to Texas to study that state's fraud prevention system. "We received our money's worth," she says of her trip, adding that Arkansas expects to have some positive results to show off.

With similar stories pouring in from around the country, FNS managers already have plenty of proof that State Exchange is having a tremendously positive impact.

article by Carol M. Stansfield

The Wisconsin conference provided a special opportunity for managers from large counties to talk about issues of special concern to them.

Putting Ideas to Work...

Renee Raney and Alan DeJong are two people who would probably never think of themselves as particularly unusual. But they are. They are people who took tough jobs—jobs they felt reluctant about—and then slowly made those jobs work. The result in both cases is a better Food Stamp Program.

Renee Raney works with the Food Stamp Program in Saginaw County, Michigan. When caseworkers suspect fraud in a case, Raney checks it out and determines whether or not the case is prosecuted as fraud before an administrative review judge. If it is, Raney presents the evidence.

A position nobody wanted

Her position as "designated staff person" is a new concept. "I didn't really want the job," Raney says. "No one wanted it because no one knew how to do it."

But Raney took the job anyway. She had 3 years' experience as a caseworker, had been a lead caseworker, and had a college degree in criminal justice. Ever since high school, she had been interested in working in a crime lab or on investigations.

This was a chance for her to take investigative work and see where she could go with it. It was a chance to present a case before a judge, on par with a defense lawyer, and see if she could win her case.

But figuring out where to start wasn't easy. "When I got this job, I didn't know the prosecutor or how to contact him, and the person in investigations didn't want to have anything to do with me," Raney says.

The judges were helpful. They gave her good guidance about how to present information and explained which information was useful to them in making a decision. But it still wasn't coming together.

"One day I was presenting a case that I had researched 3 or 4 months earlier, and I really got rattled," Raney recalls. "The judge asked me questions, and I felt like I didn't know what I was talking about. I couldn't get the evidence together,

and I didn't present it well. After it was over I decided, 'Well, I'm not going to do that again.' "

Came up with new approach

Raney sat down and developed an "evidence sheet" for her next case. On it she detailed every piece of evidence she was going to present, along with a date, description, and short paragraph pinpointing the significance of the item. "This document tends to show. . ."

Her idea worked, and she began using the evidence sheet for every case. The administrative review judges were so pleased with the competence of her presentations, they instructed her to train all other designated staffers in the state.

"The evidence sheet helps you have that edge of knowledge, especially when the person countering you is a lawyer," Raney says.

Raney is meticulous in gathering information for her cases. "The judges want it all," she says. "They don't want to assume anything. All the evidence is in the case file, and it's up to you to get the information, understand its significance, and present it clearly to the judge.

"I figure it's better to anticipate all of the judge's questions and have all the answers figured out before the hearing rather than go back and get the information later."

Raney's investigations and her thoroughness in presenting evidence has paid off. In 1983, she presented cases at 125 administrative hearings. She won all of them, an unusual accomplishment anywhere.

Her work has not only been recognized by her own state, but by other states as well. This spring she was asked to make a special presentation at the state exchange conference hosted by Wisconsin in March.

Helping staff manage time

Alan De Jong, who is director of assistance payments in Grand Rapids, Michigan, also made a

Renee Raney and Alan DeJong both work with the Food Stamp Program in Michigan. Raney is involved in the investigative end of the program, organizing evidence and presenting cases before administrative review judges. DeJong works in management, serving as director of assistance payments in Grand Rapids. At the Wisconsin conference, Raney and DeJong talked about their work and explained how some changes they've made are making a difference.

special presentation at the March conference. Like Raney, De Jong has gotten results by trying something new—in this case, a time management system that carefully structures caseworkers' time.

The idea was a response to one of the first problems he encountered when he became director in 1976—how to deal with an increasing caseload and a declining staff.

At first, the idea flopped. "It came across like an attempt to put people in a mold and stick them at their desks with a ball and chain," he says.

In retrospect, De Jong feels he didn't work well enough with the staff on identifying problems and coming up with solutions. He dropped the plan, but as time went by and work pressures continued to increase, he continued to offer solutions that involved elements of time management.

Eventually, one group decided to try the system, and finally the entire staff decided to give it a go. Now, everyone is sold on it. What they came up with is a system that breaks the working day into specific blocks of time:

■ All of the caseworkers have 2 hours of "protected" time every morning when they are not interrupted by anything or anyone. They use this time to get ready for the day's cases, clear off work from the previous day, and do any research they need.

■ For 4 hours of the day, they are involved in client meetings or other scheduled staff meetings.

■ For 2 hours of the day, they are at the phone available to any client who calls.

During all other hours of the day, clients who call give their messages to an answering machine on their caseworker's desk. The caseworker screens those calls every hour, taking messages for files if necessary or returning the call.

Clients like the system

According to De Jong, both caseworkers and clients are happy with the arrangement. "We had been receiving complaints from clients that they couldn't reach their caseworkers, and the caseworkers were stressed to the breaking point trying to process cases and deal with the jingle of phones," he says.

Clients are briefed on the telephone system and know exactly which 2 hours during the day they

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can speak to their caseworkers. They also know that if they just need to report some information, they can do it by leaving a message. The recording machines operate 22 hours a day, 7 days a week.

"One of the reasons why workers have been so enthusiastic about the system," De Jong says, "is that it has really helped them manage their time more efficiently.

"They can, for example, screen the calls on the recorder. The can then pull the case and get it ready for whatever action the client wants. When they return the call to the client, they can take action on it and complete it.

"Before, they could be working on one case when another call came in. Before they'd completed work on the first case, they'd be trying to deal with a second, and then a third. Soon the desk would be piled high with files and they'd be going nowhere.

"One thing we've built into our work plan is that once you start a task, finish it. If you've pulled a case file, complete the action on it before starting a new case. In the past, that wasn't really a possibility. Now it is."

Change makes a difference

Although he doesn't have statistical documentation to prove it, De Jong feels that the time management system has been essential in maintaining the area's low error rate of 1.7 percent.

Traditionally, as he says, they have had low error rates. "But with caseloads up and staff down, I don't think we could have maintained this kind of error rate without some changes in how we worked," he says.

Before any positive changes can ever be made, somebody has to have the imagination to see what's needed. Both Raney and De Jong had that kind of imagination.

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article by Dianne Durant

New Age Co

During the 1970's, computer technology helped modernize many food stamp offices. New machines that could accurately compute benefits and screen for duplication of services freed caseworkers from arduous math worksheets and card file searches.

Now, a new age of computers promises to make certification light-years more efficient through machine-assisted eligibility interviews, allowing verification of many kinds of data while the client is still in the office.

"We're moving into the second generation of computer applications," says Virgil Conrad, Deputy Administrator for Family Nutrition at the Food and Nutrition Service.

"In the past, computer systems were basically calculation tools. We're now experimenting with on-line verification, which gives us the ability to electronically cross-check information on income, residency, or other data at the point of application. This prevents errors before they get into the system.

special presentation at the March conference. Like Raney, De Jong has gotten results by trying something new—in this case, a time management system that carefully structures caseworkers' time.

The idea was a response to one of the first problems he encountered when he became director in 1976—how to deal with an increasing caseload and a declining staff.

At first, the idea flopped. "It came across like an attempt to put people in a mold and stick them at their desks with a ball and chain," he says.

In retrospect, De Jong feels he didn't work well enough with the staff on identifying problems and coming up with solutions. He dropped the plan, but as time went by and work pressures continued to increase, he continued to offer solutions that involved elements of time management.

Eventually, one group decided to try the system, and finally the entire staff decided to give it a go. Now, everyone is sold on it. What they came up with is a system that breaks the working day into specific blocks of time:

■ All of the caseworkers have 2 hours of "protected" time every morning when they are not interrupted by anything or anyone. They use this time to get ready for the day's cases, clear off work from the previous day, and do any research they need.

■ For 4 hours of the day, they are involved in client meetings or other scheduled staff meetings.

■ For 2 hours of the day, they are at the phone available to any client who calls.

During all other hours of the day, clients who call give their messages to an answering machine on their caseworker's desk. The caseworker screens those calls every hour, taking messages for files if necessary or returning the call.

Clients like the system

According to De Jong, both caseworkers and clients are happy with the arrangement. "We had been receiving complaints from clients that they couldn't reach their caseworkers, and the caseworkers were stressed to the breaking point trying to process cases and deal with the jingle of phones," he says.

Clients are briefed on the telephone system and know exactly which 2 hours during the day they

can speak to their caseworkers. They also know that if they just need to report some information, they can do it by leaving a message. The recording machines operate 22 hours a day, 7 days a week.

"One of the reasons why workers have been so enthusiastic about the system," De Jong says, "is that it has really helped them manage their time more efficiently.

"They can, for example, screen the calls on the recorder. The can then pull the case and get it ready for whatever action the client wants. When they return the call to the client, they can take action on it and complete it.

"Before, they could be working on one case when another call came in. Before they'd completed work on the first case, they'd be trying to deal with a second, and then a third. Soon the desk would be piled high with files and they'd be going nowhere.

"One thing we've built into our work plan is that once you start a task, finish it. If you've pulled a case file, complete the action on it before starting a new case. In the past, that wasn't really a possibility. Now it is."

Change makes a difference

Although he doesn't have statistical documentation to prove it, De Jong feels that the time management system has been essential in maintaining the area's low error rate of 1.7 percent.

Traditionally, as he says, they have had low error rates. "But with caseloads up and staff down, I don't think we could have maintained this kind of error rate without some changes in how we worked," he says.

Before any positive changes can ever be made, somebody has to have the imagination to see what's needed. Both Raney and De Jong had that kind of imagination.

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article by Dianne Durant

During the 1970's, computer technology helped modernize many food stamp offices. New machines that could accurately compute benefits and screen for duplication of services freed caseworkers from arduous math worksheets and card file searches.

Now, a new age of computers promises to make certification light-years more efficient through machine-assisted eligibility interviews, allowing verification of many kinds of data while the client is still in the office.

"We're moving into the second generation of computer applications," says Virgil Conrad, Deputy Administrator for Family Nutrition at the Food and Nutrition Service.

"In the past, computer systems were basically calculation tools. We're now experimenting with on-line verification, which gives us the ability to electronically cross-check information on income, residency, or other data at the point of application. This prevents errors before they get into the system."

"It's a lot easier to correct a problem by verifying information before benefits are issued, than it is to spend time and energy in claims collection and fraud investigations. We still will have systems for cross-checking data after certification, but the more we do up front, the less it will cost us later," Conrad adds.

The new systems streamline the eligibility interview, with computers posing questions for the caseworker to ask the client, and refusing to go on if the right information isn't provided.

Frequently, the systems bring together the application process for food stamps, Aid to Families with Dependent Children (AFDC), and other welfare and medical assistance programs. This makes the data more manageable for the welfare office, and the certification process easier for applicants.

States can also use the systems to manage their programs better. Computers can improve employee accountability and monitor workload, as well as automatically send out monthly reports, check for errors of logic in case files, and follow up on cases. "This means the supervisor can become a teacher, not just a monitor of workload activity," says Conrad.

Many states are beginning to use various aspects of the new technology to improve certification and reduce errors. Alaska, North Dakota, Illinois, and Tennessee are a few examples.

Alaska

Alaska has pioneered the new technology farther and faster than most other states. Its on-line Eligibility and Issuance System (EIS) for AFDC and food stamps operates statewide.

Eric Hanson, the EIS project director in Alaska's Division of Public Assistance, estimates that the new computer system will save about $1.4 million annually by preventing food stamp errors resulting from unreported income or changes in household size, as well as simple mathematical or policy mistakes.

"Reducing errors is the big benefit of the new system," Hanson says. "For example, we had a lot of errors from mandatory monthly reports when we first implemented that procedure. But I think the computer system is going to cut way down on these errors."

The system generates the monthly reports that are sent to participants and keeps track of all the information households provide on their income and family circumstances.

Eligibility workers have immediate access to this information and can make any changes that are needed in benefit levels. The computer will not allow a benefit to be issued unless an eligibility technician authorizes it based on a monthly report.

Other errors are prevented by screening of information while the client is applying for food stamps. When an applicant comes to the welfare office, he or she fills out basic information on the first two pages of the form. The form can be used to apply for AFDC and other public assistance programs as well as food stamps.

A clerk enters this data into the computer. Background on current or prior contacts with the welfare system, and a special alert if the person has been disqualified for fraud, appears on the screen. The clerk checks the need for expedited service and sets up an interview with a caseworker.

The clerk fills out the rest of the application, and at the interview the eligibility worker enters the remaining information into the computer terminal on his or her desk.

"All the elements of identification are screened at the beginning, particularly social security numbers and involvement in any welfare program in the state," Hanson says.

"If the social security number has been used by anyone else in the state, the worker will know it instantly. If the employment the client reports is different from what the department of labor is reporting, an alert will go to the worker."

Once the information is entered, the computer calculates the benefits for both food stamps and AFDC.

A number of security features pro-

Illinois is using a new computerized certification system in several offices. Instead of filling out forms, applicants go through a three-stage screening process. At each stage, workers ask them a series of questions and enter their answers into the computer.
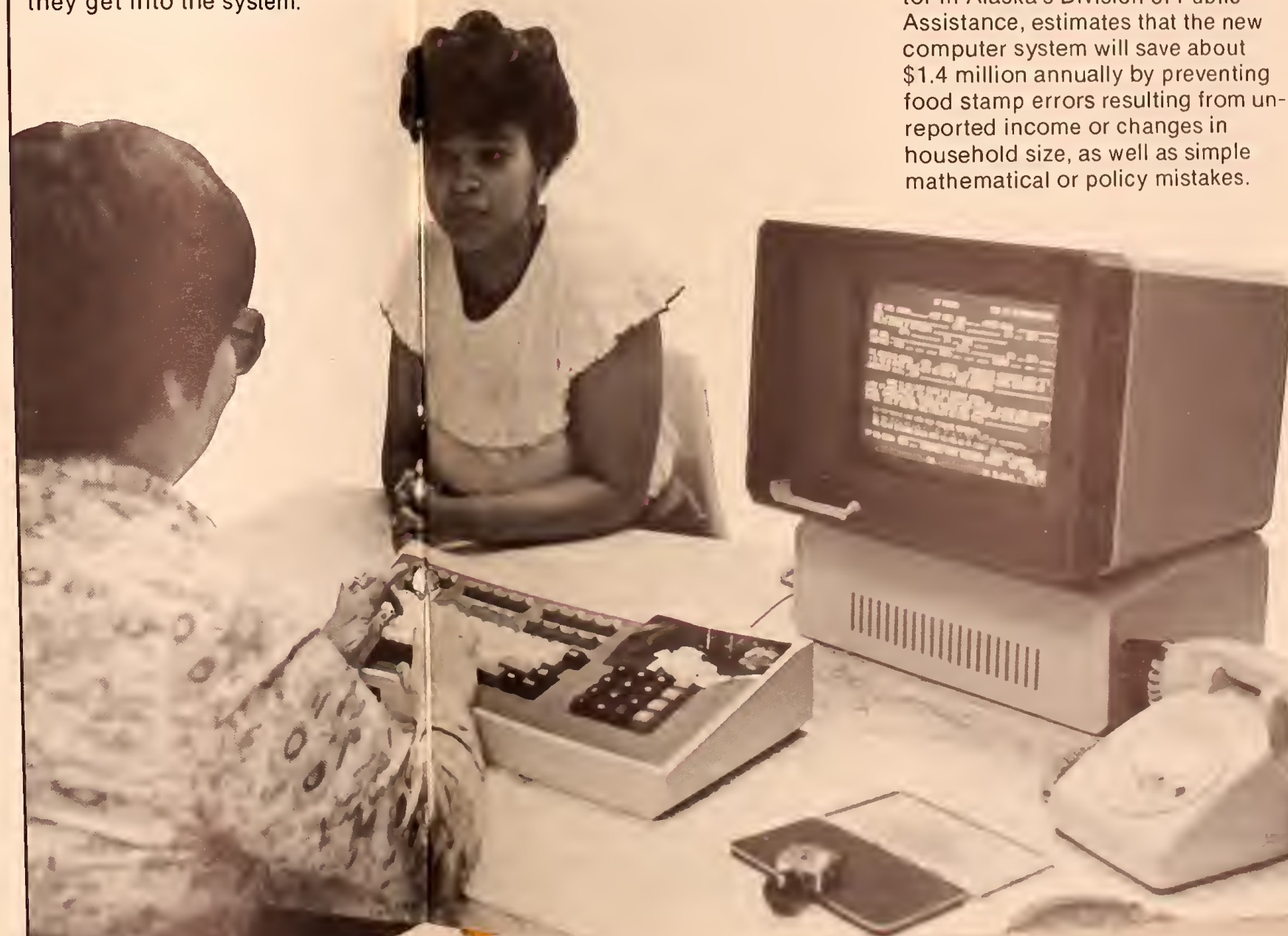
tect the data in the system. For example, there are limits on the kind of information employees can access and change. Only the eligibility workers or their supervisors can update casefiles. Central office managers can look up any case, they can broadcast electronic messages to staff on the system, but they cannot update the data.

The computer's memory is itself a safeguard. Supervisors can track who authorized every benefit in the system because this information is put into the computer along with the other case data.

Hanson claims that part of the success of EIS results from staff involvement in the development of the system. "You have to let eligibility technicians call most of the shots or what the system does and how it does it," he says.

North Dakota

Representatives from North Dakota visited Alaska and were impressed enough by the EIS system there to design and install a modified version themselves this year. Their trip was made possible by the state exchange project USDA sponsors to help states observe food stamp management improvements in other areas.

Under North Dakota's automated certification and case management system, each eligibility worker has an on-line terminal which is linked to the central computer. The system handles the application process, benefit calculations, and ongoing case maintenance activities such as monthly reporting, claims collection, program changes, and issuance of notices.

The terminals, with technicolor display screens, go far beyond entering case information and calculating benefits. The system is designed to prompt the caseworker in managing various case actions, and to warn the worker against foreseeable errors in carrying them out.

For example, North Dakota's system sorts monthly reports into three categories—those cases which can be dealt with quickly, those which are a little more complex, and those which take still more careful scrutiny. The system has separate routines for dealing with each group.

Using the system, workers can easily check applicants' previous benefits, program contacts, and

reported income. In addition to these worker aids, the system produces monthly and weekly reports for local supervisors.

Claire Lipsman, director of the Food Stamp Program accountability division at FNS headquarters, recently visited North Dakota and was impressed with the state's carefully thought out system.

"The system wouldn't work everywhere," she says. "Its completeness and complexity probably make it best suited to states that don't have much automation in place. But the design ideas are striking."

Illinois

Illinois is using a computerized certification system, called "automated intake," on a pilot basis in four welfare offices. The system uses a combined application for food stamps, AFDC, Assistance for the Aged, Blind and Disabled, and Medical Assistance.

At the test sites, which are in Sangamon County (serving Springfield) and Chicago, applicants don't even have to fill out application forms. Instead they go through a three-stage screening process. At each stage their answers are typed into the computer system by a worker.

First, the receptionist enters the applicant's name and reason for visiting the office, and determines if an acting or pending case exists. Next, a "screener" asks the client a series of questions and enters the answers into the terminal. At this point, the computer prints out what's called a "name file search."

The name file search shows whether a client has ever gotten assistance in the state before. A second search matches the data supplied by the client with information from the state's department of labor on prior work history and receipt of unemployment insurance.

"The new system has been a time saver for us," says Diane Tichenor, assistant administrator in the Sangamon County Office. "All the counties have to run these same clearances. But they have somebody sit at a keyboard, plug in the information, and ask for the clearances. Ours come back automatically, and right while the client is at the interview. That's the difference."

In the third phase, the client meets with the eligibility worker, who asks questions as they are displayed on a
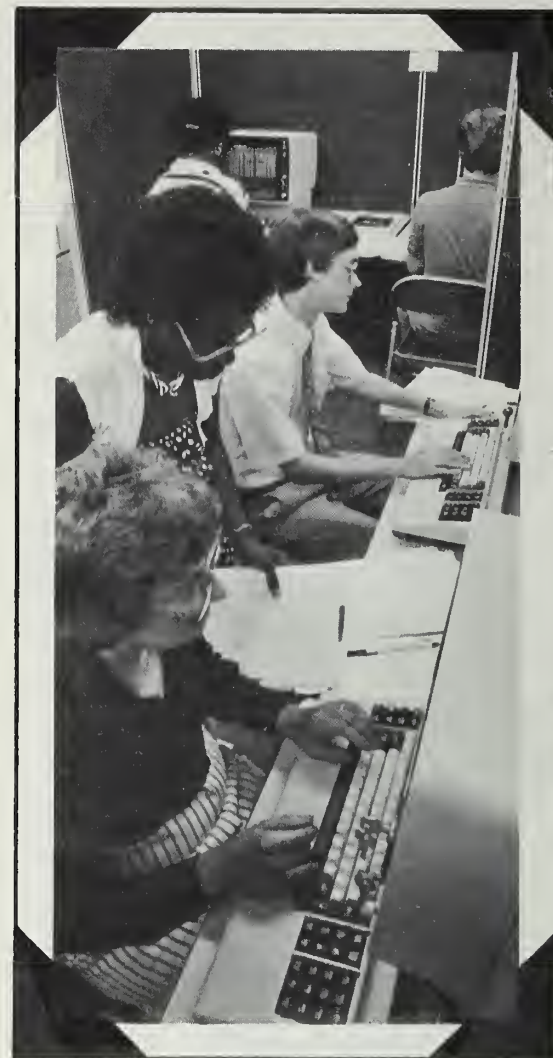
computer screen. The worker types in the answers to the questions as well as the documentation provided by the client.

"Because all of the questions are in place in the computer, our workers cannot forget to ask any of them," says Tichenor. This is ensured because the computer will not display the next screen until all the answers have been filled in. The computer even tells whether the documentation provided is sufficient.

Afterwards, a high-speed printer types out the questions and the client's responses. The applicant signs the form and it becomes part of his or her file.

Although the system eventually will calculate eligibility and benefits, right now the computations are done manually, even in the pilot offices, because the calculations are not yet in the system. But state managers such as Tichenor are pleased with the phases that have been implemented.

They say the new system will make the handling of cases more consistent by eliminating some of the subjective decisions that caseworkers often must make in determining eligibility.
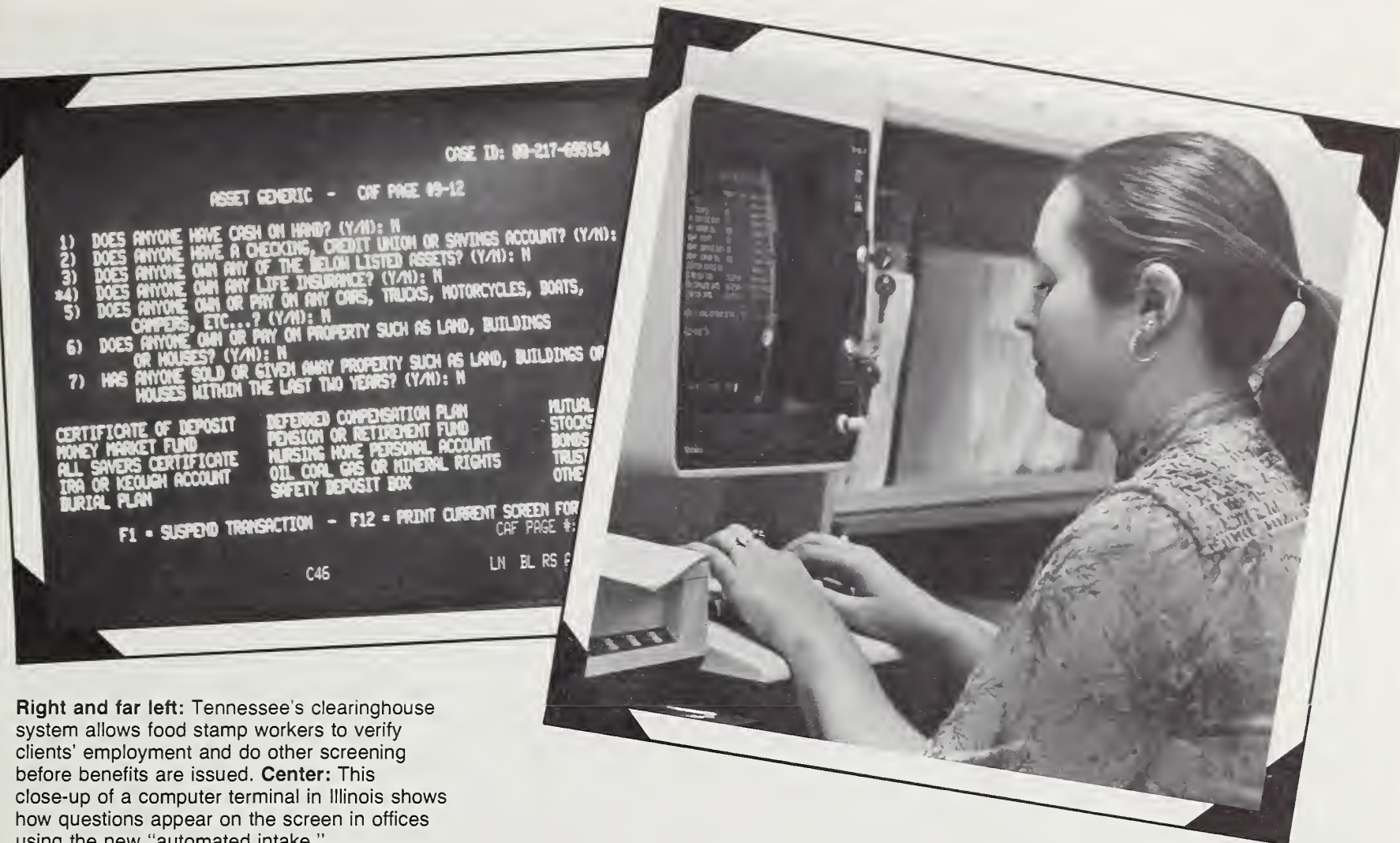
Right and far left: Tennessee's clearinghouse system allows food stamp workers to verify clients' employment and do other screening before benefits are issued. **Center:** This close-up of a computer terminal in Illinois shows how questions appear on the screen in offices using the new "automated intake."

Tennessee

Other parts of the country also are automating certification successfully. Tennessee's "clearinghouse system" allows eligibility workers to verify clients' employment history and do other screening before benefits are issued. Along with supervisory reviews and quality circles where caseworkers meet informally to discuss better management, the new computer system has helped Tennessee reduce its error rate by 50 percent.

Operating statewide since 1983, the clearinghouse system lets eligibility workers know if food stamp applicants are getting unemployment benefits or wages.

"This is especially helpful in identifying people who are working and not reporting income," says Tennessee Department of Human Services Commissioner Sammie Lynn Puett. "It also uncovers those who report only one source of income, when, in fact, other members of the household are also employed and earning income."

The system also gives caseworkers access to other information, such as birth dates, which can help them verify identity and citizenship. A separate data base shows whether the applicant has been in the welfare system before and whether or not he or she is certified for benefits.

The system cost Tennessee only about $14,000 to set up. It was inexpensive for the state because the data already existed. All that was needed was a system for bringing the information together for state agencies to use.

The present clearinghouse is really just a start for Tennessee. The state plans to provide access to data from Supplemental Security Income files, property tax records, motor vehicle records, and Veterans Administration and Social Security records.

"The clearinghouse system is an excellent way for our employees to improve the efficiency of the Food Stamp Program," Commissioner Puett says. "By implementing new procedures such as this, we hope to sustain the downward trend in our program error rates."

Looking ahead

The second generation of computer applications has allowed food stamp management to become more sophisticated and error free. It has allowed more integration with AFDC and other welfare programs.

With these exciting new possibilities in view for many states, Virgil Conrad expresses concern that some states do not even have the first stage of a central computer system yet.

"We want to encourage these states to work on the basics at the same time we work with other states to enhance the technology and its applications," he says.

For a program that now provides supplemental food assistance to 21 million people, the use of automated systems is clearly essential to do that task well. The new automation helps food stamp managers provide fast accurate service to those who are eligible for program benefits while making it easier to detect and deter those who are not.

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article by Jane Mattern Vachon

Computer Matching Crosses State Lines in the Southeast
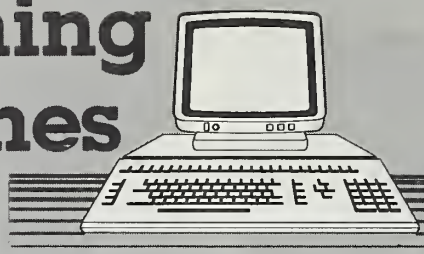
Every day food stamp managers are discovering more ways to use computers in program operations. At first, managers used computers simply to speed up ongoing functions or for storage and retrieval of information, but now they are using computers more creatively—for example, to detect and measure potential problems.

Food stamp directors in the eight Southeastern states (Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, and Tennessee) have taken advantage of current computer technology to determine how many food stamp recipients are collecting benefits in more than one state in the region.

This effort, called the Southeast Interstate Match Project, is the largest cooperative undertaking by state agencies to measure and analyze duplicate food stamp participation.

State Exchange funds helped

Representatives from the eight states agencies met in Atlanta last fall to discuss the feasibility of a multi-state match of food stamp files. Their planning session was funded as a state exchange project by the Food and Nutrition Service's Southeast regional office.

Billy Davis, director of Florida's Division of Public Assistance Fraud, led the discussion and offered to coordinate the initial phase of the project since he and his staff have had extensive experience with computer matching.

Despite differences in the way each state's data was collected and maintained as well as other obstacles, all Southeastern state agencies agreed to participate in the project.

State directors realized that not only would they be able to detect those persons fraudulently collecting benefits in more than one state, they would also find answers to some questions that could affect the integrity of the Food Stamp Program on an ongoing basis.

They hoped to find answers to such questions as: Where is duplicate participation occurring—is it just in border counties of neighboring states or in widely separated locations? What are the common characteristics of persons committing this type of violation? What is the most cost-effective way to curb or eliminate the problem?

Although there had been a number of matches to detect duplicate food stamp participation between neighboring states or in selected adjacent counties in neighboring states, no widespread check had been conducted. A multi-state effort was needed to identify trends.

After obtaining food stamp eligibility lists for November 1983 from the various state agencies, Davis' staff created a computer program which matched the Social Security numbers and other available identifiers, such as names and dates of birth, of the 3.3 million food stamp recipients on the eight lists.

According to Davis, the computer matching process was like comparing the contents of one file cabinet with the contents of seven others and then continuing in the same manner until every file cabinet was compared with all others.

States found some surprises

Preliminary data from the computer match revealed 6,557 persons who were potentially participating in more than one state. After screening this list to eliminate cases where the Social Security numbers were incorrect or where households, although eligible, were not participating, state coordinators eliminated 26 percent of the matches, leaving 4,521 to be investigated.

Even during the preliminary stages, some surprises appeared. "What surprised me most was that we had cases in Florida that matched with cases in Kentucky," says Davis. "In the past, in considering interjurisdictional matches, people thought the problem was a matter of recipients crossing state lines into bordering states.

"We still found that the majority of each state's matches were with bordering states, but they were not limited to bordering states. Matches were scattered throughout the eight states."

Using forms and procedures field-tested by FNS' Southeast regional office, participating states spent 3 months investigating and documenting cases of duplicate participation. They funneled their results to the regional office for compilation and analysis. A report of the findings will be available shortly.

Duplication is not widespread

In evaluating the Interstate Match Project, Cherie Morris, FNS' food stamp director for the Southeast region, says, "We went into this project not knowing what we would find but hoping we could dispel the myth that duplicate participation is widespread.

"Our data indicates that while duplicate participation is occurring, it is not a serious problem. As we analyze our data further, we should be able to tell more about where instances of duplicate participation occur most often and what type of recipient is likely to commit such a violation.

"I'm very proud of the directors and staff of the Southeastern state agencies who overcame technical problems with a cooperative spirit to achieve this match," she adds. "I hope the project will not only help eliminate those problems which have been uncovered but will also serve as a model for other efforts of this type."

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article by Brenda Schuler

States Work on Reducing Errors

Anyone who's ever run a business—or managed a family budget, for that matter—knows mistakes can be costly. When you're talking about a $12-billion operation like the Food Stamp Program, mistakes can cost plenty, and not just in terms of money. They can also jeopardize the public support the program needs to survive.

At the national level, USDA has taken a number of steps to help eliminate the source of errors. For example, to reduce the incidence of overpayments caused by inaccurate reporting of income, federal rules now require states to match their food stamp rolls with state employment records. Some states, like Massachusetts, are using similar techniques to comb bank records of food stamp applicants in search of unreported assets.

But while the common belief is that most errors are caused by recipients committing fraud, such as hiding assets and income and lying about the number of people in their households, this is not the case.

The majority of errors are due to a variety of other causes, such as math errors by eligibility workers, failure of eligibility workers to apply food stamp rules correctly, computer errors, and unintentional mistakes by food stamp recipients in reporting income. These are problems that need to be tackled—and are being tackled—by state and local food stamp managers.

While error reduction tactics vary from state to state, there are similarities in the way managers are approaching their problems. The following examples from five Western states illustrate several approaches that are getting results:

Nevada

Nevada has been a leader in eliminating errors caused by eligibility workers' mistakes. The state has maintained one of the nation's low-est error rates—ranging from 1.5 to 3 percent in the past 2 years.

Nevada has maintained this low error rate, which has earned them several awards from USDA, by directly linking performance standards for workers to the number of errors they make in a case.

Supervisors of eligibility workers inspect a sample of 25 cases per month to see if there are any mistakes. Acceptable error rates are clearly defined—0 to 0.5 percent is outstanding; .6 to 1.5 percent is above standard; 1.6 to 4 percent is acceptable; 4.1 to 6 percent is a "must improve"; and above 6 percent is unacceptable.

Special training and reviews are provided to workers who show up with ratings below acceptable. If, after special training and counseling, the worker continues to have an unacceptable error rate, then the worker can be fired.

"This system works well because workers will never receive a surprise on how they are doing," says June Young, a Nevada official who has worked with the performance standard system. "We are very clear about what is expected of them."

As punitive as this system may sound at first, Nevada has had to fire few workers and actually has a low staff turnover rate. The key here is strong support to insure that the worker is not left without guidance.

Food stamp managers in Nevada devote a great deal of time and energy to making sure that the policy manuals given to workers are written as simply as possible. The manuals help workers understand program policy, and they are valuable reference tools for working on difficult cases.

The state has also developed a computer system that performs many routine calculations that were

At a conference hosted by the Food and Nutrition Service's Western Regional Office, representatives from eight Western states met in Sacramento to discuss error reduction strategies. Here, Betty Ward of Nevada tries her hand at some of the new computer software demonstrated at the conference.

previously done by workers. This removes tedious chores and lessens the chance of errors.

Arizona

Arizona has taken a similar tact to reducing error rates, but with some key differences. Faced with federal sanctions for an excessive error rate, Arizona implemented a quality assurance system in May 1982.

As in Nevada, eligibility worker supervisors review a sample of completed cases. However, in Arizona the reviews are completed before case information is put into the computer and food stamps are issued.

"The supervisory reviews help us determine what problems a worker is having," says Diane Ross, who heads Arizona's Food Stamp Program. "Completing the reviews *before* benefits are issued in a case prevents loss to the program and means we don't have to go through the claims process."

Of course, the quality of supervisory reviews depends on how much supervisors know. To make sure supervisors were catching all the errors, Arizona set up a small independent quality assurance unit to check supervisors' reviews. State directors found that supervisors' emphasis on management often left them weak in knowledge of the subtleties of program rules.

"Many supervisors didn't know all the details of eligibility rules," says Ross, "so not all errors were being found during the first-line inspection. The second-line review told us where we should provide special training for supervisors, and it was a good way to make sure policy was enforced the same way in different offices."

Hawaii

Hawaii has discovered a way to ensure the uniform application of policy, using an adaption of the Japanese "quality circle."

Every time an error is found, a worker must prepare a written report analyzing the causes of the error. But the process does not end there. The worker must discuss his report during part of the monthly staff meeting. Workers then see what mistakes others are making to see if they have the same misunderstandings of policy or procedure.

Larry Higa, a section administra-

tor for the island of Oahua, explains the philosophy of this approach: "What is the sense of just one person correcting an error since other workers are often making the same error or misapplying the same policy?

"Almost immediately after we began these meetings, workers became more aware of the types of errors that were occurring in the unit and the causes. Workers got a better handle on how to remedy problems."

While there was some initial resistance to the practice of discussing errors in open staff meetings— who likes to discuss their mistakes in front of their colleagues?— workers soon began to see that the practice was not designed to be punitive.

"Initially this system was unpopular with the workers. They felt they were being blamed for all the errors," says Higa, "but we worked with supervisors to instill a sense that we weren't singling anyone out and simply wanted to solve the problem of recurring errors."

Alaska

Several states are developing special techniques to focus on client errors. Alaska is one state that has had problems with extremely high error rates. At one time, one quarter of food stamp dollars in Alaska were issued incorrectly, and state managers attributed much of it to client error.

To solve this problem, they began an intensive program of home visits to make sure client circumstances were exactly as stated on food stamp applications.

During home visits, eligibility workers verify: that the household members listed on the application actually reside at the address given; that there are no unlisted household members; that income is as declared; and that the household situation generally conforms to what is listed on the application.

"Initially home visits were made in cases where the eligibility worker or a supervisor suspected a problem," explains Bob Clem, one of the Alaska officials responsible for the Food Stamp Program.

"Later, we concentrated our visits on types of cases that frequently had errors, such as households that declared no income or that had employable adults who were not work-

ing. Now we review many cases that are simply randomly selected."

The results of the state's efforts are hopeful—from an error rate high of nearly 25 percent, Alaska has lowered its error rate to 13.9 percent, a 44-percent reduction. While the current rate is still well above the national average, Alaska seems to be well on the way to solving many of its error rate problems.

The cost of systematic home visits may not be for every state, however. Says Alaska official Clem, "Home visits are far and away the best way to go in reducing client error, but it's very expensive. The commitment of large amounts of staff time makes the system extremely costly."

Washington

Finally, the state of Washington is working to reduce client error by improving the interview techniques of workers. State managers have produced a 30-minute videotape called "Focused Interviewing."

The training in the tape shows workers that by simply asking clients direct and clear questions about household circumstances, they can often elicit information that was not immediately available.

Washington officials tried this approach for several reasons. With the complicated definitions and deductions in welfare programs, and with the irregular sources of income that low-income people often have, it is very easy for clients to overlook or misunderstand the different types of questions on applications. Clear questioning by workers can often clear up such misunderstandings.

Direct questioning is also a way to deal with problems caused by the minority of clients who are trying to hide income or resources. Washington officials have found that much of this kind of cheating is simply omission, and clients will respond truthfully to direct questions.

All of these techniques, from home visits to focused interviewing and supervisor reviews, have contributed to the nationwide reduction in the food stamp error rate.

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article by Phil Canuto

Bank Monitoring Project Gets Results

For a family using food stamps, the grocery store is the last stop, but the food stamp's journey has just begun. After being redeemed by the grocer at a local bank or savings and loan institution, it will travel through the banking system and ultimately end up at a Federal reserve bank.

Every year billions of dollars in food stamps are redeemed by grocers. If you think keeping track of all those food stamps sounds like one huge accounting job, you're right. Without the best possible controls and monitoring, there's a chance some could end up lost, unaccounted for, and possibly in the wrong hands.

As part of its campaign to improve food stamp management, USDA has been working with the Federal Reserve system and commercial banks on a new bank monitoring system that vastly improves accountability.

The system, which will be used nationwide within a year, involves new procedures for monitoring food stamp deposits and use of sophisticated optical scanning equipment. It was tested in the Food and Nutrition Service's Southeast region beginning in April 1981 before being expanded to other states.

A major step forward. . .

Food stamp managers see the new system as a major step forward in the fight against food stamp abuse. For one thing, it will help put an end to the redemption of food stamps at banks by grocers or other persons without required documentation.

Also, it will make it tougher to redeem illegally obtained food stamps for cash, bringing down the black market value of food stamps. And, when redemption abuses do occur, the new system will make it possible to identify offending stores or banks.

"What we have is a complete trail of food stamp redemption activity," says national Food Stamp Program director Virgil Conrad. "We know where each food stamp was redeemed and by whom, and we can easily spot any discrepancies along the way."

The key to the system is a document called a food stamp redemp-

tion certificate. The Food and Nutrition Service's Automatic Data Processing (ADP) Field Center in Minneapolis issues these redemption certificates to all grocery stores authorized to accept food stamps.

The certificate includes the grocer's name, address, and unique food stamp authorization number. At the time of deposit, the grocer simply hand-prints his deposit amount on the certificate. (Hand-printing allows the certificates to be read later by optical scanning equipment at the ADP Field Center.)

When bank tellers receive deposits of food stamps from stores, they count the stamps and either hand-print or "MICR encode" the total on an area of the redemption certificate specified for bank use. (MICR encoding permits what's called "magnetic ink character recognition" by FNS' scanner.) Tellers also initial the redemption certificates or stamp them with an identification mark as proof of verification.

Then, they credit the grocers' accounts for the value of the food stamps deposited and forward the food stamps and redemption certificates to a Federal Reserve bank. A food coupon deposit document, showing the value of the food stamps and redemption certificates, accompanies each such transmittal from the financial institution.

When the food stamps arrive at the Federal Reserve bank, the bank's employees verify the stamps' value and credit the financial institution that transmitted them. They attach a copy of the food coupon deposit document to the redemption certificates accompanying it and forward the batch to the Minneapolis ADP Field Center.

In Minneapolis, the information is entered into the Field Center's computer system via an optical scanner. The Field Center processes more than 2 million documents a month and produces redemption reports for stores, financial institutions, and Federal Reserve banks.

When grocers are ready to redeem their food stamps for cash, they fill out a redemption certificate, as this woman is doing, indicating the total amount of food stamps to be deposited.

Two important changes made

Differences between this new redemption system and the previous one are twofold. The primary difference is that redemption certificates now remain with the food stamps throughout the entire banking system process. Formerly, financial institutions submitted the redemption certificates to Minneapolis at the same time they sent the food stamps to a Federal Reserve bank for credit.

With the old system, FNS found that the amounts of food stamps actually deposited and the amounts recorded on the redemption certificates did not agree, but because the stamps and certificates were separated, program managers could not determine the cause of the discrepancy or assign responsibility.

The second change involved new forms. New redemption certificates, redesigned to reduce errors, were issued to all authorized grocery stores. In addition, financial institutions were required to use new standardized food coupon deposit documents for transmitting food stamps and redemption certificates to Federal Reserve banks.

To speed handling of these new forms, FNS installed a sophisticated optical scanner, capable of processing 750 documents per minute, in the Minneapolis ADP Field Center. Redemption reports can now be produced more accurately and more timely.

The pilot test of the new system showed that these changes could substantially improve program accountability. FNS' Southeast regional office conducted the test in cooperation with the Atlanta Federal Reserve Bank, which serves more than 300 financial institutions throughout Georgia and in Hamilton County, Tennessee.

When the test began in April 1981, 50 banks were found to have deposited food stamps in excess of the amounts shown on the redemption certificates they submitted to the Federal Reserve bank. These 50 banks deposited a total of approximately $1,637,000 in food stamps that were not supported by redemption certificates.

By December 1981, the number of banks with food stamp deposits exceeding redemption certificates had decreased to 22, with only $174,000 in unsupported deposits.

Improvements have continued since the pilot test and, by the end of 1983, the Atlanta Federal Reserve Bank district achieved a 100-percent reconciliation between food stamp deposits and redemption certificates.

Banks were eager to help

Shirley Williams, a compliance specialist in FNS' Southeast regional office, worked at the Atlanta Federal Reserve during the pilot test. Williams says most of the reconciliation problems she discovered were simply the result of a misunderstanding of procedures or oversights.

Common problems included entries not being completed on the certificates, deposit amounts entered by merchants not being verified, deposit amounts being entered in the wrong spaces, and redemption certificates not being sent with the food stamps after the new procedures went into effect.

Whenever she spotted a mistake of any kind, Williams called the bank or savings and loan association to discuss the error and the proper procedures for accepting and processing food stamps.

"Bank employees were very cooperative," she says. "Generally one call resolved any problems. The people preparing the banks' deposits and the tellers wanted to follow the correct procedures and did so after they understood what was needed."

After the test, Williams surveyed participating financial institutions about the new procedures. Almost all the banks and savings and loan

associations said the test procedures were easy to follow and the new forms simple to prepare and verify.

A more limited survey conducted by the American Bankers Association confirmed that banks found the procedures and forms acceptable. In fact, financial institutions saved time and money for postage by not having to mail the redemption certificates separately to Minneapolis as they formerly did.

According to Joe Hassan, manager of cash services at the Atlanta Federal Reserve Bank, the new procedures only minimally affect Federal Reserve banks.

All Federal Reserve banks are now required to use a standard food stamp deposit document, designed for use with FNS' optical scanning equipment, and they handle more paper as a result of receiving the redemption certificates as well as the deposit documents. However, Hassan says this doesn't really impact on his employees' workload.

Full implementation of the bank monitoring system will be completed early in 1985. It has already begun, at least partially, in all Federal Reserve bank districts. FNS regional and field office employees in cities where Federal Reserve banks are located have been assigned to oversee the monitoring system and pursue corrective action with financial institutions showing redemption problems.

Results are impressive

Results of improved redemption monitoring began to appear almost immediately after the system was put into effect. According to FNS field office staff, food stamp redemption data on stores is now more reliable and up to date than it's ever been.

One evidence of this, says Victor Riche of FNS' data processing division and national coordinator of the new system, is a decline in the number of authorized stores reported each month as redeeming no food stamps.

He attributes this trend to the more disciplined flow of redemption certificates from Federal Reserve banks. Under the old system, banks sometimes forgot to mail redemption certificates or held them for long periods of time before mailing them to Minneapolis.

Another significant improvement occurred in the amount of differences between food stamp deposits and redemption certificates. Differences decreased by more than 50 percent with only partial implementation of the monitoring system in 1983—from a former average of $11 million in differences a month to an average of $5.2 million a month.

"Also," says Riche, "by requiring banks to verify redemption certificates, the system now provides us with the ability to check the reasonableness of Federal Reserve bank charges to FNS."

As the bank monitoring system nears its final stages of implementation, FNS is already working on additional ways to improve monitoring of food stamp redemptions.

For example, every FNS field office will eventually be using video display terminals and telecommunication hook-ups to access up-to-the-minute redemption data on authorized stores. A pilot test of the equipment is currently underway in the Richmond, Virginia, field office.

The bank monitoring system and other improvements substantially tighten food stamp accountability. "This is an area that needed a lot of improvement," says Virgil Conrad, "and we've made great strides."

For more information on the bank monitoring project or the pilot test in Richmond, contact:
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article by Brenda Schuler
photos by Larry Rana and
Gordon Bear

Far left: The redemption certificate (RC) includes the grocer's name, address, and unique food stamp authorization number.

Center and right: At the Minneapolis ADP Field Center, Jim Billings gets the RC's ready to be mailed to grocers, while Margaret Harth works with the microfilm reader. The optical scanner at the center microfilms all returned RC's.

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